

There are a number of interesting pieces of HIPAA information are included below. Of special interest may be:

- 1) Security Final Rule as published
- 2) CalOHI Policy Memorandum 2003-23 on Privacy Training.

As always: Please be sure to note that in some cases the information presented may be the opinion of the original author. We need to be sure to view it in the context of our own organizations and environment. You may need additional information, support, legal opinions and/or decision documentation when interpreting the rules.

My thanks to all the folks who have shared information for this e-news.  
Thanks!!!  
Ken  
(916-654-2466 if needed)

Several items that may be of interest:

Security Final Rule as published - below and ATTACHMENT  
CalOHI Policy Memorandum 2003-23  
Provider Taxonomy Codes - effective 4/1/03  
[hipaalive] Final Security Rule Date(s) for enforcement/compliance  
CMS sets health care e-payment standards  
[hipaanotes] HIPAAnote - Vol. 3, No. 8 - 2/19/03 - ATTACHMENT  
Wrong Transaction Final Addendum Rule - ALERT!  
[hipaalive] SECURITY: A Quick Guide to the Final Security Rule  
[hipaa\_gives] HIPAA enforcement  
[hipaalert] Final Security & TCS Mod's Edition - 2/26/03 - ATTACHMENT  
HIPAA Implementation Newsletter-- Issue #52 - 2/26/03 - ATTACHMENT  
[hipaanotes] HIPAAnote - Vol. 3, No. 10 - 3/5/03 - ATTACHMENT

\*\*\*\*\* Security Final Rule as published \*\*\*\*\*

\*\* HIPAAlive! From Phoenix Health Systems/HIPAAAdvisory.com \*\*

Try this link.

<http://www.cms.hhs.gov/regulations/hipaa/cms0003-5/0049f-econ-ofr-2-12-0>

3.pdf

It is the best I can find at present. It is in PDF format.

Hope this helps.

Lonny

>>> Stephen Marshall <SMarshall@co.sutter.ca.us> 02/21/03 01:38PM  
>>>

A copy to the Security Final Rule as published yesterday in the federal register is attached.

Steve

Stephen A. Marshall  
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\*\*\*\*\* CalOHI Policy Memorandum 2003-23 \*\*\*\*\*

>>> "Hart, Therese (OHI)" <THart@ohi.ca.gov> 03/05/03 07:12AM >>>  
At CalOHI's Website you will (Attached) find Policy Memorandum 2003-23,  
HIPAA Privacy Training. The memorandum provides tools and PowerPoint  
training templates that you may customize to provide HIPAA privacy training  
to your workforce. Also at CalOHI's website you will find (attached) is  
Exhibit 1, Training Process Templates Overview which provides guidelines on  
the use of the tools and templates. The remaining Exhibits will be posted on  
the CalOHI website ( [www.ohi.ca.gov](http://www.ohi.ca.gov)) for your convenience by close of  
business today.

<<PM2003-23 Training Process Policy.doc>>                      <<PM2003-23 Exhibit 1  
-  
Training Overview.doc>>

Therese Hart, Chief  
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California Office of HIPAA Implementation (CalOHI)  
[thart@OHI.ca.gov](mailto:thart@OHI.ca.gov)

\*\*\*\*\* Wrong Transaction Final Addendum Rule - ALERT! \*\*\*\*\*  
[hipaalive] TCS: HIPAA Addendum Final Rule to be corrected next week

\*\* HIPAAlive! From Phoenix Health Systems/HIPAAAdvisory.com \*\*

The Final Rule for the Transaction Addenda that was published in the Federal  
Register yesterday has some typos that will be corrected next week. The  
version previously published by CMS is correct. We expect to see the  
corrected version in the Federal Register next week.

Kepa Zubeldia  
Claredi

>>> <gcox@oshpd.state.ca.us> 02/21/03 09:59AM >>>

Just learned that the final addendum transaction rules needs further corrections. See below for the thread of e-mail:

>>> <maria.t.ward@us.pwcglobal.com> 02/20/03 04:44PM >>>

I learned earlier today from more than one representative of CMS that the Addenda Final Rule published in the Federal Register today is the WRONG version of the rule and it has mistakes in it. It appears that there was a mistake made at the Federal Register and this is being corrected. For now, use the Final rule (in MS word format) available at the CMS website. That is the copy with the correct verbiage.

As for your question below, only the addenda version (4010 A1) will be allowed after 10-03. There will not be an option to pick 4010 versus 4010A1 (the rule explains this).

(Everyone - I added the CMS document in the Rules folder-Ginger)

Maria

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"Marcus E. McCrory" <marcusm@ciriusgroup.com>  
02/20/2003 03:12 PM

Please respond to "Marcus E. McCrory"

To: "WEDI Business Issues Subworkgroup List"  
<wedi-business@lists.wedi.org>

CC:

Subject: Re: Final Publication of Addenda?

With today's publication of the addenda and a 30 day review period (I think ?), will covered entities still have a choice in October 2003 of using the original guides instead of the addenda?

\*\* HIPAAlive! From Phoenix Health Systems/HIPAAAdvisory.com \*\*

The Final Rule for the Transaction Addenda that was published in the Federal Register yesterday has some typos that will be corrected next week. The version previously published by CMS is correct. We expect to see the corrected version in the Federal Register next week.

Kepa Zubeldia  
Claredi

\*\*\*\*\* Provider Taxonomy Codes - effective 4/1/03 \*\*\*\*\*  
>>> <gcox@oshpd.state.ca.us> 03/03/03 11:39AM >>>  
This came from AHIMA E-Alert Newsletter (dated 2/26/03)

#### NUCC Updates Provider Taxonomy Code Set

The National Uniform Claim Committee (NUCC) has taken over responsibility for maintaining the healthcare provider taxonomy list, which is used in the transactions specified in HIPAA. The provider taxonomy code set is an external, non-medical data code set designed for use in classifying healthcare providers according to provider type or practitioner specialty in an electronic environment, specifically within the American National Standards Institute Accredited Standards Committee Insurance Subcommittee.

To view the electronic Provider Taxonomy Code Set Version 3.0 effective April 1, 2003, go to: <http://www.wpc-edi.com/codes/>. For more information on the NUCC visit: <http://www.nucc.org>.

\*\*\* [hipaalive] Final Security Rule Date(s) for enforcement/compliance  
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\*\* HIPAAlive! From Phoenix Health Systems/HIPAAAdvisory.com \*\*

From the FedReg:

"DATES: Effective Date: These regulations are effective on April 21, 2003.  
Compliance Date: Covered entities, with the exception of small health plans, must comply with the requirements of this final rule by April 21, 2005. Small health plans must comply with the requirements of this final rule by April 21, 2006...." in the beginning;

and at the end:

"§ 164.318 Compliance dates for the initial implementation of the security standards.  
(a) Health plan.  
(1) A health plan that is not a small health plan must comply with the applicable requirements of this subpart

no later than April 20, 2005.

(2) A small health plan must comply with the applicable requirements of this subpart no later than April 20, 2006.

(b) Health care clearinghouse. A health care clearinghouse must comply with the applicable requirements of this subpart no later than April 20, 2005.

(c) Health care provider. A covered health care provider must comply with the applicable requirements of this subpart no later than April 20, 2005...."

Arghhh!

--Regards, Alan S. Goldberg, goldberg@healthlawyer.com,  
healthlawyer@hotmail.com

\*\*\*\*\* CMS sets health care e-payment standards \*\*\*\*\*  
>>> <gcox@oshpd.state.ca.us> 02/21/03 03:11PM >>>  
Forwarded by Dennis Reed/CountyofSan Luis Obispo on 02/21/2003 02:37  
PM -----

CMS sets health care e-payment standards

The Centers for Medicare & Medicaid Services (CMS) yesterday published its final rules for electronic health care payment transactions (download PDF), adding what vendors and consultants see as yet another burden to an industry scrambling to meet new privacy and electronic security requirements (see story).

Tommy Thompson, secretary of the U.S. Department of Health and Human Services, said in a statement that the new electronic transactions and code-set standards used by doctors, hospitals and insurers to manage payments under the Health Insurance Portability and Accountability Act will "make it easier for the health care industry to process health claims and handle other transactions."

CMS has estimated that total savings to the health care industry resulting from streamlining transactions will be \$29 billion.

Those savings will take years to achieve and will come only after the health care industry incorporates the changes into its computer and electronic data interchange (EDI) systems, according

to Richard Howe, president of Germantown, Md.-based Axiom Systems Inc., a health care IT company that specializes in systems integration and EDI.

Howe said the new rules, which will go into effect on Oct. 16, will cost the industry millions of dollars in time and effort to incorporate into their systems. He could not provide an exact figure on the cost to the industry. But he said that the changeover will be expensive because the transaction guidelines -- which govern the basics of payments and the submission of claims -- are based on extremely detailed regulations that average 600 pages for each type of transaction.

"Practically everyone in the industry will be impacted by these changes," Howe said.

Not only are health care organizations required to incorporate the changes into their systems, but they also have to test interactions with other companies in the payment food chain -- a complex undertaking, given that there are only eight months between now and the required implementation date. "This is a terrible way to run a business," Howe said. "These changes came out much later than anticipated."

Steve Lazarus, a health care consultant at Boundary Information Group in Denver, said the modifications are needed to correct problems that were discovered by health care organizations three years ago in earlier versions of the code sets.

The updated code sets no longer require that hospitals use codes developed by the retail pharmacy industry to report and manage prescriptions, Lazarus said. Instead, hospitals can now use hospital pharmacy coding systems -- a simpler system, since retail pharmacies dispense drugs or prescriptions by the bottle or package, whereas hospitals dispense them in single-unit doses.

Jon Zimmermann, vice president for e-health at Siemens Medical Solutions, a division of Siemens AG in Munich, Germany, called the shift from retail to hospital codes a "welcome change" but noted that the final transaction and coding standards have taken more than a decade to develop.

\*\*\*\* [hipaalive] SECURITY: A Quick Guide to the Final Security Rule  
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\*\* HIPAAlive! From Phoenix Health Systems/HIPAAAdvisory.com \*\*

A brief look at the Final Security Rule...

Five years after releasing a draft version for comments, DHHS has finally published the Final HIPAA Security Rule. There are, as expected, not any major changes, but there is some significant added flexibility. A few of the new areas in the Rule are noted below.

The rule is available in a .pdf (with page numbers but lacking headings for sections) here:

<http://www.cms.hhs.gov/regulations/hipaa/cms0003-5/0049f-econ-ofr-2-12-03.pdf>

It will be published in the Federal Register on February 20, 2003.

As usual with HIPAA regs, the doc is long (289 pages), but is best read back to front. The bulk of the document (first 190 pages or so) consists of individual comments to the draft, together with DHHS responses. The good stuff, i.e., the rule itself, covers the final 30 pages, and a summary chart in the last three pages is worthy of a look, even if you are not that interested in HIPAA Security details.

Highlights:

0 Compliance date is April 21, 2005 (two years plus two months from publication date).

0 There are 18 'standards', together with 42 'implementation specifications,' of which 20 are 'required' and the remainder 'addressable.' 0 This distinction between required and 'addressable' is new to the Final Rule. Addressable means that a covered entity should assess the requirement, implement it if it is deemed 'reasonable,' and if not, document why it is not.

0 There is thus a heavy element of the 'reasonableness' standard that permeates the Rule. This is a new aspect not strongly present in the NPRM (draft).

0 There is also emphasis upon 'flexibility' and 'scalability,' so that the actual requirements may vary widely from covered entity to covered entity.

0 Covered entities, by the way, are the same: providers, plans and clearinghouses. There is some added language specific to plans on the relationship with plan sponsors, and as with the Final Privacy Rule, small plans (and only plans) are given an extra year to comply.

0 Interestingly, the subject of the regulation did not change. One of the surprises in the Final Privacy Rule was its shift from 'electronic or the paper product of electronic' Protected Healthcare Information (PHI) to the extended coverage of even verbal PHI. The Security Rule does NOT align with the Privacy Rule on that, retaining instead the draft's coverage of only electronic information (and any resulting paper format).

0 A 'Risk Analysis' is required periodically.

0 Also required: procedures to regularly review audit logs.

0 Also: Security Awareness Training for the entire workforce ("including management"). The draft had said only those working with PHI. Again, this aligns with the Privacy Rule.

0 Security incident response and reporting procedures are 'required.'

0 A contingency plan is 'required.'

0 Written Business Associate Contracts (aligning with the term used in the Privacy Rule, over the Security NPRM's 'Chain of Trust Agreement,') are required. Important exceptions to this requirement, aligning with the Privacy Rule, include for sharing information with Providers in connection with treatment of patients.

0 It requires no shared passwords (also true of the NPRM).

0 It is less strong on the need for encryption than the NPRM (which was also contradictory on that). Basically encryption of PHI is 'addressable,' not 'required.' This is a blow for the security vendors perhaps...

All in all, the Final Security Rule is generally even more 'technology neutral' than the version of five years ago. Sometimes maddeningly so. DHHS had already signalled that the 'digital signatures' addendum would be dropped. There is precious little in the way of justification for vendors to say, 'in order to be HIPAA-compliant, you need to buy my product.'

What it does require is documentation: of policies, of reasons why an 'addressable' item is not implemented in a particular environment, and of course, of the Risk Analyses, assessments and audits that are required 'periodically.' And one additional detail: aligning with the Privacy Rule, all such documentation is required to be retained for six years.



The emphasis on flexibility and the 'reasonableness' standard should mean that there will not be much for HIPAA critics to assail, but it also means that the impact upon the healthcare system will be lessened. (The cost estimate to achieve compliance---included by law in this Final Rule---is basically unchanged since that of the Privacy Rule.)

One closing quote to show the overall flavor: (from the Impact Assessment section of the Rule, page 216):

"The proposed rule [five years ago] mandated 69 implementation features for all entities. A large number of commenters indicated that mandating such a large number would be burdensome for all entities. As a result, we have restructured this final rule to permit greater flexibility."

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Tom Manteuffel, CISSP  
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\*\*\*\*\* [hipaa\_gives] HIPAA enforcement \*\*\*\*\*  
At today's meeting someone asked about funding for HIPAA enforcement -  
here is a link that talks about it

<http://209.207.24.203/html/hipaa/NewsStory.cfm?DID=9671>

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